

Message Text

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PAGE 01 BRUSSE 01603 01 OF 02 181609Z

ACTION PM-04

INFO OCT-01 EUR-12 ISO-00 MC-02 ACDA-07 CIAE-00 DODE-00

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 OMB-01 EB-08 COME-00 TRSE-00 IGA-02

/078 W

-----181631 096524 /46

R 181459Z FEB 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9098

SECDEF WASHDC

SECAF WASHDC

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 1 OF 2 BRUSSELS 1603

E. O. 11652: N/A

TAGS: MASS, BE

SUBJECT: F-16 COPRODUCTION

1. SUMMARY. MINISTER OF ECONOMIC AFFAIRS HERMAN HAS SENT LETTER TO CHARGE OBJECTING TO ELIMINATION OF BELGIUM FROM PRODUCTION OF GENERATOR 40 KVA FOR THE SIMULATOR FOR THE F-16 AND COMPLAINING GENERALLY ABOUT THE REDUCED LEVEL OF BELGIAN COPRODUCTION FOR THE RADAR FOR THE F-16 ENGINE. ECONOMIC COUNSELOR AND FRED WOOD, BUSINESS MANAGER, F-16 SYSTEMS PROJECT OFFICE, DISCUSSED SIMULATOR SITUATION THIS WEEK WITH BOLAND OF ECONOMICS MINISTRY AND EMBASSY PROPOSES TO MAKE WRITTEN REPLY TO HERMAN ALONG LINES OUR EXPLANATION TO BOLAND UNLESS WASHINGTON AGENCIES WISH TO PROVIDE ADDITIONAL GUIDANCE. END SUMMARY.

2. MINISTER OF ECONOMIC AFFAIRS HERMAN SENT LETTER DATED FEBRUARY 15 TO CHARGE OBJECTING
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PAGE 02 BRUSSE 01603 01 OF 02 181609Z

TO THE "ELIMINATION" OF BELGIUM FROM PARTICIPATING IN THE GENERATOR 40 KVA FOR THE SIMULATOR FOR THE F-16. LETTER ALSO NOTES ELIMINATION OF ACEC IN THE SOUTH OF BELGIUM AND SIEMENS IN THE NORTH FROM COPRODUCTION OF THE RADAR INSTRUMENTATION FOR THE F-16. (WE BELIEVE THAT MINISTRY'S LETTER IS CONFUSING IN REFERRING TO BOTH F-16 RADAR COPRODUCTION AND SIMULATOR COPRODUCTION.

ALTHOUGH THE LETTER REFERS TO BOTH, IMMEDIATE BELGIAN PROBLEM APPEARS TO BE WITH SIMULATOR. BELGIAN AUTHORITIES HAVE MADE SEPARATE, EARLIER COMPLAINTS ABOUT REDUCED ALLOCATION OF F-16 RADAR COPRODUCTION TO BELGIUM.)

3. INFORMAL EMBASSY TRANSLATION OF LETTER FROM HERMAN FOLLOWS:

BEGIN TEXT. I HAVE THE HONOR TO INFORM YOU THAT, UPON HIS RETURN FROM THE INDUSTRIAL SUBCOMMITTEE MEETING, MR. BOLAND GAVE ME A COMPLETE REPORT ON THE SUBJECT OF THIS MEETING.

HE PARTICULARLY EXPRESSED HIS DISAPPOINTMENT, WITH WHICH I AGREE, ON THE SUBJECT OF THE INTENTION EXPRESSED BY GENERAL DYNAMICS AS WELL AS THE AUTHORITIES CONNECTED WITH THIS PROGRAM TO ELIMINATE BELGIUM FROM PARTICIPATION IN THE PRODUCTION OF THE GENERATOR 40 KVA AND TO ELIMINATE ACEC IN THE SOUTH OF BELGIUM, AND SIEMENS IN THE NORTH, FROM THE COPRODUCTION OF THE RADAR INSTRUMENTATION.

THIS WOULD RESULT IN REDUCING THE BELGIAN PARTICIPATION IN ELECTRONICS OF THE \$205 MILLION (IN 10 YEARS) FORESEEN IN THE PLAN FOR COPRODUCTION AT \$26.1 MILLION ONLY IN FAVOR OF MBLE.

THIS REDUCTION IS DUE IN LARGE PART TO THE SURCHARGES WHICH ARE IMPOSED BY AMERICAN FIRMS ON BELGIAN PRICES AND WHICH INCREASE SUCCESSIVELY WITH THE RESULT THAT THE LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 01603 01 OF 02 181609Z

BELGIAN PRICES WOULD HAVE TO BE MORE THAN 50 PERCENT LESS THAN THOSE OF THE AMERICAN INDUSTRY IN ORDER TO BE COMPETITIVE.

I REGRET TO TELL YOU THAT THIS PROCEDURE DOES NOT SEEM TO CONFORM TO THE MEANING OF THE MEMORANDUM OF UNDERSTANDING NOR TO THE ASSURANCES GIVEN ON JUNE 2, 1975, BY THE SECRETARY OF DEFENSE, MR. SCHLESINGER, TO MR. VANDEN BOEYNANTS, MINISTER OF NATIONAL DEFENSE.

I WOULD THEREFORE BE VERY APPRECIATIVE, MR. CHARGE D'AFFAIRES, IF YOU WOULD INTERVENE WITH YOUR AUTHORITIES SO THAT, EITHER IN THE F-16 PROGRAM OR OUTSIDE OF THIS PROGRAM, AN INDUSTRIAL PARTICIPATION IN ELECTRONICS WOULD BE RESERVED FOR THE BELGIAN INDUSTRY OF THE SOUTH AND THE NORTH OF BELGIUM.

KNOWING BELGIUM AS YOU DO, YOU WILL, OF COURSE, EASILY UNDERSTAND THE INTEREST OF MY INTERVENTION IN ORDER TO

AVOID A CLIMATE OF MISTRUST BETWEEN OUR TWO COUNTRIES.

ON THE OTHER HAND, ALTHOUGH RECOGNIZING THE LOW PERCENTAGE OF ORDERS PLACED ACTUALLY IN NORWAY, AND PARTICULARLY IN DENMARK, THE REPRESENTATIVE OF THE US ON THE INDUSTRIAL SUBCOMMITTEE HAS REAFFIRMED THE INTENTION TO PLACE FUTURE EQUIPMENT CONTRACTS WITH DENMARK AND NORWAY, AND ESPECIALLY CONCERNING THE SIMULATOR, NOT YET INCLUDED IN THE COPRODUCTION PLAN.

I MUST TELL YOU THAT BELGIUM HAS A CERTAIN EXPERIENCE IN THE MANUFACTURING OF SIMULATORS FOR DEFENSE, AND THAT AMERICAN FIRMS INTERESTED BY SIMULATORS, ESPECIALLY GOODYEAR, HAVE CONFIRMED IN WRITING THAT ONLY ACEC WAS CAPABLE OF PARTICIPATING USEFULLY, GIVEN THEIR TECHNOLOGICAL KNOWLEDGE CONCERNING THE COPRODUCTION OF THE SIMULATOR.

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PAGE 01 BRUSSE 01603 02 OF 02 181614Z
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R 181459Z FEB 77
FM AMEMBASSY BRUSSELS
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LIMITED OFFICIAL USE SECTION 2 OF 2 BRUSSELS 1603

I WOULD ALSO APPRECIATE IT IF YOUR AUTHORITIES WOULD TAKE NOTE OF THIS MATTER IN ORDER TO AVOID THE REALIZATION, WHEN THE TIME COMES, THAT THE SCANDINAVIAN COUNTRIES DO NOT HAVE THE NECESSARY ABILITY TO PRODUCE THESE PARTS AND THAT OUR CAPABILITIES HAVE NOT BEEN TAKEN INTO CONSIDERATION FOR THE COPRODUCTION.

THE ABOVE CONFIRMS WHAT MR. BOLAND HAD THE OPPORTUNITY

TO TELL MR. KELLER, FROM YOUR EMBASSY, AND MR. STRAUSS
LEON DURING A RECENT CONVERSATION. END TEXT.

4. EMBASSY IS PREPARING REPLY TO LETTER BASED ON INFORMATION
OBTAINED FROM FRED WOOD, BUSINESS MANAGER, F-16 SYSTEMS
PROJECT OFFICE, DURING HIS VISIT TO BRUSSELS THIS WEEK.
WOOD AND ECONOMIC COUNSELOR DISCUSSED FOREGOING COMPLAINTS
WITH BOLAND, DIRECTOR IN CHARGE OF INDUSTRIAL COMPENSATION
IN THE MINISTRY OF ECONOMIC AFFAIRS. BOLAND APPEARED TO
BE SATISFIED WITH OUR EXPLANATION THAT DECISION TO GIVE
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PAGE 02 BRUSSE 01603 02 OF 02 181614Z

SIMULATOR PRODUCTION TO NORWAY AND DENMARK WAS BASED
ON INSTRUCTION TO THE US BY THE STEERING COMMITTEE ON THE
F-16 PROGRAM AND REFLECTS COMMITTEE'S CONCERN THAT
SCANDINAVIAN COUNTRIES ARE NOT OBTAINING ADEQUATE SHARE
OF COPRODUCTION ON F-16. BOLAND WAS TOLD THAT IF
SCANDINAVIAN COUNTRIES CANNOT PRODUCE THE SIMULATOR
PARTS ON WHICH THEY HAVE BEEN ASKED TO BID, THE US WOULD
SEEK NEW INSTRUCTIONS FROM THE STEERING COMMITTEE TO
ALLOCATE THE RADAR PRODUCTION ELSEWHERE IN THE F-16
CONSORTIUM COUNTRIES. IT WAS EXPLAINED TO BOLAND THAT THE
DECISION OF THE STEERING COMMITTEE DID NOT ELIMINATE
BELGIUM FROM COPRODUCTION OF THESE SIMULATOR PARTS, BUT
GIVES PREFERENCE TO THE SCANDINAVIAN COUNTRIES. BELGIUM
THEREFORE MAY STILL BE ASKED TO BID ON THE COPRODUCTION
OF THE SIMULATOR IF THE SCANDINAVIAN COUNTRIES FALL OUT.

5. WE ARE PROPOSING TO MAKE REPLY ALONG THESE LINES TO
THE MINISTER OF ECONOMIC AFFAIRS, UNLESS WASHINGTON AGENCIES HAVE
OTHER GUIDANCE TO SUGGEST. ECONOMIC MINISTRY'S DISSATISFACTION
WITH ALLOCATION OF RADAR COPRODUCTION TO BELGIUM HAS
PREVIOUSLY BEEN DISCUSSED BY EMBASSY
WITH BOLAND, THE NEW CHIEF OF THE INDUSTRIAL
SECTION OF THE MINISTRY, AND WE BELIEVE THE REFERENCES IN
THE LETTER TO THIS PROBLEM ARE FOR THE RECORD AND NEED
NOT BE ADDRESSED AGAIN UNLESS WASHINGTON WISHES PROVIDE
ADDITIONAL GUIDANCE FOR EMBASSY RESPONSE. RENNER

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Message Attributes

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Disposition Date: 22 May 2009
Disposition Event:
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